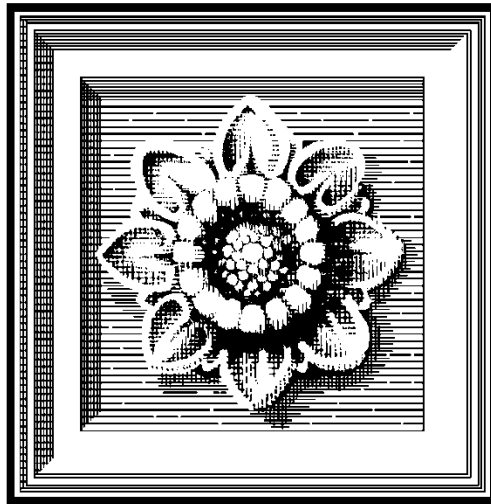




Family Life Communities, LLC

PIONEERING VISION

June 17, 2010



Family Life Communities, LLC

PIONEERING VISION

July 21, 2010



Home is where one starts from.

- T. S. Eliot

Pioneering Vision

Envisioned...

....is a village or city within which has been fashioned a lovely nestling of intimately crafted homes and thoughtfully designed places where people have gathered to effectively care for one another, building each other into a community of good neighbors.

Called a "***Family Life Community***," these neighbors live within secure, affordable, highly valued homes clustered around placid ponds, fragrant gardens, artisan's shops, and refreshing teas, all aimed at nurturing the lasting health and prosperity of the larger community within which they live.

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Family Life Communities, LLC

PIONEERING VISION

Propositional Values

*Intimate, thoughtfully designed neighborhoods of homes,
sized just right...*

for friends to...

- live next door to each other, to...
- care for one another as good neighbors, and to...
- become debt free home owners!

Mission Statement

Family Life Communities, LLC is becoming a Top 100 Place of Employment where a team of highly inspired people...

1. *Train* a new generation of businessmen, craftsmen, and artisans whose purposes are to:
2. *Develop* land for lasting communities of close knit peoples,
3. *Build* better places to live known world wide for the most culturally significant, financially effective, well built homes possible, and
4. *Care* for the resulting neighborhoods of homeowners who live, gather, work, and play there as good neighbors.

FAMILY LIFE COMMUNITIES, LLC

Marketing Study Brief

CASE STUDY #1: Carl M. Freeman

Carl M. Freeman & Associates, Olney, Maryland.

Although his career as a master home builder and real estate developer began in California, Carl M. Freeman became nationally famous while living in Montgomery County, Maryland, where he was credited with awards for excellence in the design of well built and fairly priced starter homes for working people and young families. He originated the concept of the garden apartment and built thousands to meet high demands for efficient, practical, and affordable living spaces while being recognized by governors of numerous states for environmentally sensitive communities that offered high quality life styles. Locally, his corporation, headquartered in Olney, became well respected for learning as much as possible about the *local story* of the communities where they built, responding to community needs, striving to understand and meet customer expectations, and hosting of specially-designed events and services for the surrounding neighborhoods to enjoy. All the while, the company was guided by leaders who never forgot their primary focus: building community.

Sea Colony, Bethany Beach, Delaware.

Shortly after national recognition, Mr. Freeman made another vision come alive with the creation of Sea Colony, a tennis and beach community on the Atlantic Coast of Delaware. There clusters of high quality homes around water features and neighborhood amenities became famous as a model for Community/Developer Partnerships and designs of outdoor spaces with environments that encouraged people to become neighbors.



**Figure 1: Sea Colony.
Honored by the Governor of Delaware for its role in
helping to preserve the coastal environment.**

Congressional Bank, Bethesda, Maryland.

Ultimately, to provide the best financial services at a fair price for their customers and his corporation, Mr. Freeman started Congressional Bank in Bethesda, Maryland. As partners, Congressional Bank and Carl M. Freeman & Associates mutually facilitate and support the mission of each business, with a bottom line that makes the customer the greatest beneficiary.

OBSERVATIONS

1. Carl M. Freeman and Associates built their reputation on building new community with the cooperation of the local community.
2. They spent time understanding and applying the Local Story in order to understand and meet local expectations and needs.
3. Their products are known for high quality, value, and practicality.
4. Congressional Bank was formed as a tool to aid the financial effectiveness and efficiency of the parent corporation in delivering its products to its customers for a fair price.

CONCLUSIONS

1. Carl M. Freeman Associates demonstrated that the Building of Community is a highly attractive and valuable commodity.
2. Real estate developers and home builders can integrate the building of a new community of new homes into the fabric of an existing community and, as a result, gain respect and trust that benefits the effort.
3. Formation of a financial institution that has a close relationship with a developer/builder corporation can be effective and beneficial to both the developer/builder corporation and its customers.

CASE STUDY #2:

Not So Big Homes, Not So Big Community, Not so Big Debt.

Third Street Cottages

Whidbey Island, Washington
Creating the Not So Big House,
Susanka, 2001

On Whidbey Island in Washington State, eight homes have been clustered on two thirds of an acre to form a community named Third Street Cottages. With a density of 12 du/ac, the project was designed and built using pre-automobile era principles, when neighbors went about their daily business on foot, meeting each other along the way, and stopping for brief conversations. Then, people looked out for each other and a sense of safety prevailed.

In developing this Cottage-Community Concept, priority was given to “place-making”-creating spots to gather, to work together in the garden, or to greet a neighbor in passing. “The emblem of this sort of community is the front porch – such a predominant feature of homes of the past. The project was developed to form a neighborhood with a true sense of home for all its residents. There’s a sense of security and protection when neighbors can easily see one another’s comings and goings, and this has been a key selling point for the Third Street Cottages community.” The Not So Big House, Susanka, p229.

The main floor square footage is 600 to 650 square feet with at least one loft. Homes are clustered around a central commons, which includes a lawn, open space, and pea patch gardens. Parking is located in small pockets of three to five cars along one edge of the property, in proximity to storage lockers and a

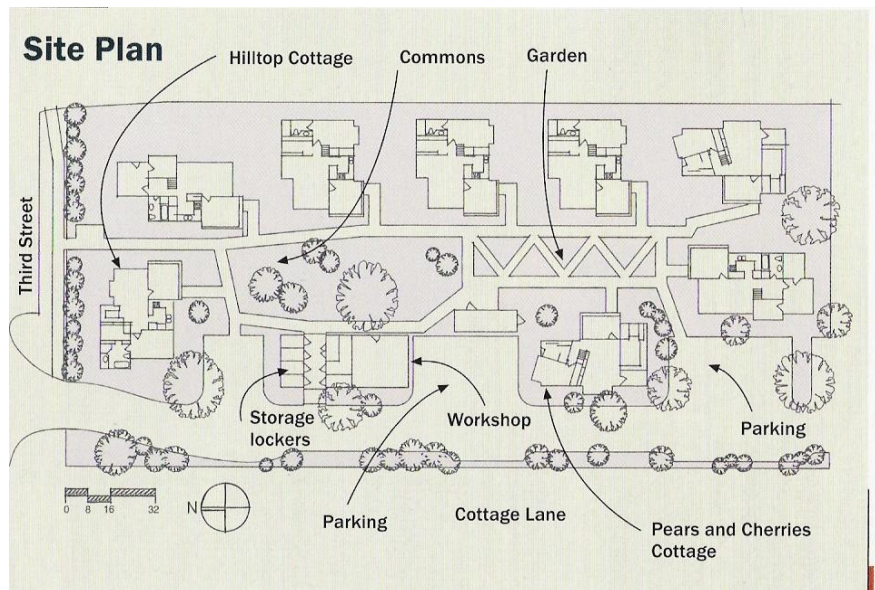


Figure 2: Site Plan of Third Street Cottages

workshop. To enter the neighborhood, you park, come into the commons by an implied gateway, and arrive at each house through its front gate and porch.

There are only two housing types named Hilltop and Pears & Cherries. Home designs are said to be filled with the “simple but beautifully designed details reminiscent of the bungalows of the Arts & Crafts movement.” Susanka writes of Third Street Cottages, “finding good examples of houses with the detailing and tailoring that building Not So Big entails was harder than I’d imagined. Finding an entire community of Not So Big houses was an unexpected bonus.” Susanka sees these homes as an example of the Not So Big principle, “that by spending less on the overall square footage, there’s more money available to make a place that’s comfortable, well crafted, and personal.”

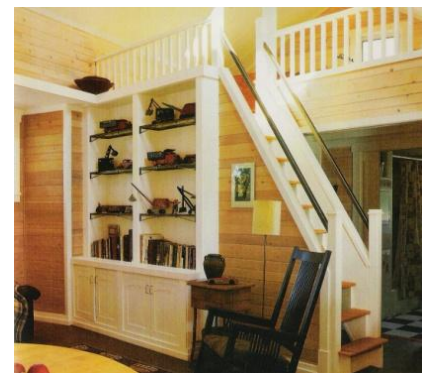
To create a sense of entry, framed openings are made for the kitchen and the living room alcove has a lowered ceiling to distinguish it from the main living area, surrounding trim work and lower header as you enter, doesn’t require a dividing wall, just a psychological gateway. The framed entry way and window beyond invites you in.

Architect Ross Chapin said, “we placed a high value on craftsmanship and design because we wanted to build in character.” Proportioning is a critical aspect when designing of such tiny cottages; everything is in scale. Chapin designed alcoves, bay windows, and other pockets of space to make a small area seem much larger and to accommodate more activities. One bay is only 16” deep but creates reflective light making the room brighter. A high bedroom bay window creates a warm glow and an uplifting spirit of light from above, yet with privacy. Exposed joists in the bedroom gives the ceiling between the bedroom and the loft more character. A window seat there is more like a skylight seat with windows located above, bringing an abundance of light while maintaining privacy from neighboring cottages.

In the living room, the top of built-in bookshelves creates a shelf that continues around the room. Each cottage has at least one full-height loft, accessed by a steep or alternating-step stair for storage space, meditation retreat, or home office. Although rooms are small, everything is



Figure 3: Interior views of Third Street Cottages



beautifully detailed.

The architect and builder pared the cottages down to a reasonable minimum in terms of square footage, but gave each home its own unique charm, using design, details, and materials that have inherent beauty, while using sustainable materials, like Sitka spruce rejected by a local piano factory, to panel the walls.

The flooring is Medite, a formaldehyde-free particleboard, cut into 24x32” tiles, stained to look like aged leather and finished with linseed oil. Porch details are made of stock-sized lumber. The exteriors are sided with painted Hardiplank fiber cement board. The cabinetry throughout each home has a personal touch, with simple details added to the door panels and hardware. Painted wooden walls and ceiling joists add far more interest than standard drywall finishes. When a house is small you can have light on three sides of the house. “The diminutive size of these cottages means that every square foot must be put to use.”

The 8 homes were designed and built on spec for singles and couples, a market that makes up more than half of all households. Despite the fears of lenders, the cottages sold almost immediately, generating enormous interest both locally and nationally. “The days when a single person would never think of buying a house are long past, yet few houses are designed for this large and growing market. And too often, when small houses are built, they are built cheaply, with little thought to character. But these cottages prove that there are many people who want to surround themselves with beauty, comfort, and practicality. And they want their dwellings to reflect their values.” The Not So Big House, Susanka, p.230.



OBSERVATIONS

1. A density of 12 du/ac is possible using detached cottages. No storm water management was provided. Such homes would address a market need for singles and couples with small families.
2. Pre-automobile socialization principles are attractive and helpful to building community. During that time people took opportunities to walk and felt safe. The use of a central commons provides opportunities to walk and helps to provide a sense of safety, even without fences.
3. The “emblem” of close knit communities is the front porch. Use of porches in the front and rear could add to the socialization inside and outside the community.
4. No particular attention was made to make the relationship of the car to the arrival meaningful, only an “implied gateway” entrance. A genuine sense of arrival is needed in all aspects.
5. Gates and small fences were effective to define private and common space. These details can also connect to the automobile spaces.

6. A workshop and storage lockers were provided. The workshop can further build community features and relationships inside and outside the neighborhood.
7. Only two house types were used, only 8 houses were built. Customizing can be used to maintain interest when only a few house types are used in a community of 20-30 houses.
8. Home designs are filled with detail, craftsmanship, and beautiful materials. The use of these principles with constraint in the size can add a great sense of value, without great cost.
9. Spatial sequence is given great significance by the use of spatial framing. Such techniques are important to communicate care in design and character of values.
10. Proportion is important in Not So Big design. The use of all design principles will play an important role in keeping cost down while communicating values.
11. Exposed ceiling joists were used through out, as were wood wall paneling. The texture of wood is very rich.
12. The use of day light is significant. Reflected light from bay windows and skylights is very enriching, especially ambient light for reading.
13. Steep stairs, book shelves, and contrasting white trim are very effective details. Such detailing sets a strong theme.
14. The floor plan shows multiple rooms joining to form flexible spaces. The use of open flexible spaces are important for building small group relationships among neighbors.
15. Reuse of materials, such as Sitka spruce, is likely available in all local settings. This is a topic to be discovered when researching The Local Story, like the blue stains in beetle kill lodge pole pine in Colorado.
16. Painted concrete fiberboards are effective and enduring. The use of such rigid materials on the outside is an improvement over soft aluminum or brittle vinyl.
17. The homes make careful use of square footage. Built in features are abundant.
18. There is a significant market for singles, couples, and young families.
19. Details were built of stock lumber. This is a significant cost savings.

CONCLUSIONS

1. Study Arts & Crafts bungalows.
2. There is a significant market for small homes for small families.
3. A sense of safety does not require a gated community.
4. Porches are significant aspects of community.
5. Arrival is needed on foot and from car.
6. Community workshop and storage lockers are needed.
7. Detail, craftsmanship, and beautiful materials are essential for Not So Big design.
8. Exposed ceiling joists and painted wood paneling are opportunities to express detail without increasing cost.
9. Local reusable materials will be identified and incorporated into Abbey homes where ever feasible.

CASE STUDY #3: Neighbors Caring for Neighbors

ElderSpirit Community

Washington Post, December 9, 2008.

Retiring Nuns Build Community for Friends

Abingdon, Virginia

In southwest Virginia at the foothills of the Appalachian Mountains a dedicated group of 70 year old nuns developed and built a community of 29 homes for friends to live as neighbors so they can care for one another. The effort began as a means to explore ways to retire together and to build a community centered on spirituality and mutual care. Today, tidy gray and beige houses, graced with hospitable porches, are clustered around gardens and places for bicycles. Most of the 44 people who live there did not know one another before moving in. Now they frequently work, eat, play, and pray together and have promised to stand by one another, physically and spiritually, until they die. The project name is ElderSpirit.

Dene Peterson, now 79, spear headed the project from the purchase of 3.8 acres in Abingdon, raising the total cost of \$3.5 million in public and private funds, including \$1.4 million in Federal and State loans and grants for low income rental units, to ground breaking in 2003. By July 2006, all 29 homes were occupied of which 13 were purchased and 16 are rented. The project was initiated using \$45,000 of borrowed funds. Two founding leaders moved to Abingdon and purchased a home adjoining the property four years before breaking ground.



Figure 4: ElderSpirit Community.

Combined income from monthly home owner's fees of \$150 and rent from \$315 to \$505 covers all expenses needed to operate the community. It is estimated that homes would sell today for \$165,000. Owners have agreed to return 50% of the profit for sale of their home to the community to ensure its future sustainability.

The community includes a spiritual center with cork floors and a library. One full time administrative employee helps community members with everything from managing community finances to property upkeep. All residents serve on one of the community's committees, which oversee admissions, environmental concerns, landscaping, and every other aspect of life at ElderSpirit. The most important is the care committee that mobilizes when a resident is in need and arranges for meals, transportation, and companionship. The community is not a nursing home, but would arrange for extended care if needed.

Those interviewed expressed distain for institutional retirement settings where other friends are said to while away the hours at "junkets" of trivial sing along, arts shows, and crafts. The Post reports, "the biggest selling point is the community itself." second project is being planned in Abingdon.

A visit to ElderSpirit in November 2009 revealed that the development team continues to receive calls from people interested in their project. *The most frequent call is from representatives that want to know if the development team will build such a community for their group of friends who want to live together as neighbors.*

Additional information at www.elderspirit.net/media/mission%statement.pdf.



Figure 5: ElderSpirit Home

OBSERVATIONS

ElderSpirit Community illustrates numerous notable principles.

1. The community was assembled so friends could be neighbors in order to care for one another. A second community is being planned. This demonstrates that a market exists for friends who want to live together as neighbors.
2. Homes include hospitable porches and common gardens. This demonstrates that porches and gardens are valid means of building community.
3. Most did not know others when they moved in but they grew to care for each other. This demonstrates that it is not necessary that all know one another in the beginning, but that an extended network of friends can be used to assemble the community.
4. There were 29 homes on 3.8 acres. This is a density of 7.6 dwelling units per acre. The proposed abbey density is 4 du/ac. Higher densities may be achieved.
5. 45% of the homes were purchased and 55% rented for income to sustain the community. The use of rental income is a viable means of income production.
6. 40% of development funds were government grants and loans. The use of government grants and loans could be stifling to community purposes.
7. Home prices of \$165,000 in 2008. This demonstrates that lower, affordable home prices are achievable. The Abbey concept is that home prices are a function of

- neighborhood home values and not restricted to a preconceived value. In other words, 33, the cost of Abbey homes can be modified for the contracting Network of Friends.
8. The project was built and 100% absorbed in three years. This equals the projected Abbey development period.
 9. The per unit development and construction cost was \$120,000. It is anticipated that all development time was voluntary and that homes were prefabricated.
 10. All construction funds were assembled prior to construction. This demonstrates that the purpose of developing such communities and the resulting reduction in the cost of homes has attracted significant financial backing.
 11. Covenants that 50% of sales profit be returned to the community are interesting. The potential of inspiring residents to invest in the community's purpose has potential to sustain its future existence.
 12. One full time administrative employee serves the needs of the residents. This is similar to the relationship that the Caring Center staff will have with the Community Care Leader, demonstrating that the relationship is functional.
 13. The existence of excessive committees to care for the community could be cumbersome and stifling. Care needs to be taken to avoid over working residents in committee work, but instead to encourage personal responsibility.
 14. A committee for admissions exists. Such a group could serve to provide stability but could also cause stagnation of dynamic community relationships.
 15. The most important committee was seen as the care committee. This validates the function of The Community Care Association and Care Center, working much as care groups often found in churches.
 16. The community is not a nursing home, but rather, provision has been made for extended care outside the community.
 17. Residents had a common distain for institutional retirement care but found instead motivation to provide care for one another invigorating and personally strengthening. A significant market potential exists that promotes an attitude of healthy care for others as a means to building individual health and strength.
 18. It is worth noting that an advance party purchased a home and lived in the local neighborhood for four years prior to breaking ground. Although this time frame is excessive, the position of building relationships in advance of developing such a project is valuable.

CONCLUSIONS

1. Multiple Abbeys can be developed in one local community.
2. Rental units may be added for the economic benefit of the community or a REIT.
3. Affordable homes may be added to the community, accompanied by grants for their development and construction.
4. Donation to the community of profit from home sales may be added to the covenants in order to ensure the financial health of the community.
5. An admissions committee may be added to the CCA in order to maintain community stability.
6. A provision for extended care may be added to the services of the CCA or the CCC.

MARKETING ASSESSMENTS.

From the above case studies and the observations and conclusions that followed, the following marketing assessments were made. Family Life Communities have competitive advantages, unique qualities, benefits, and distinctions.

Competitive Advantages

1. Pre-sales: word of mouth pre-sell each project, reducing construction time and allowing significant economy of scale and production.
2. Develop own funding: ultimately no interest carry so weather down turns and compete in upturns
3. Small communities/small number of customers per job: faster project completion and recognition.
4. Goal to minimize the cost of debt free home ownership
5. Lower overhead: students, in-house IT, Designer's Network
6. Not so big means less cost and more attraction
7. Selling smaller and more effective, not bigger and less efficient.
8. Land planning/landscape architecture: Freedman Builder's Vice President said that LA's made the distinctive difference in most successful projects.
9. Infill development in small towns: 5 – 10 acres, 20-30 units + Community Care center
10. Customized in-house product research & development derived from study and reporting of the local historic context.
11. Built in attraction of future customers through the systematic evaluations of alternative parcels of land.
12. R&D by students: internal design & production services
13. Goal of efficient product specs and packing: like the Sears house package but for off the grid neighborhoods anywhere in the world
14. Much more efficient use of space for guests, storage, privacy,
15. Better sense of quality, design, usable spaces
16. Bottom up marketing: internal services by the Caring Center of Real Estate, Property Management, and Marketing starts with friends of Linda's friends.

Unique Qualities

1. Lasting Communities for Friends.
2. Built in care by neighbors for families, aging, singles, health.
3. Building community for group of friends who desire to live as neighbors.
4. Not so large homes.
5. Front & rear porches
6. Neighborhood places to build good neighbors.
7. Multi aged & multi cultural
8. Community with common values and purpose.
9. Minimizing cost of debt free home ownership
10. Home spaces for privacy
11. Off the grid
12. Infill not sprawl, historic context not generic trends

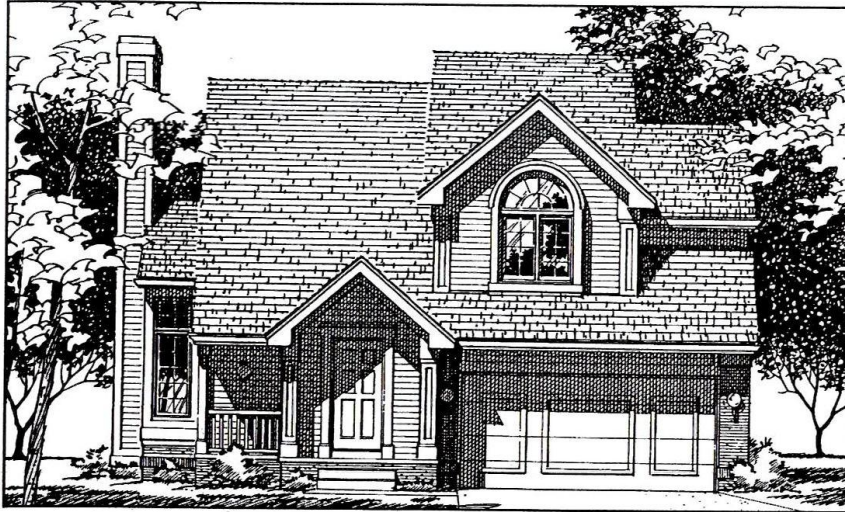
Benefits

1. Built in purposes to help neighbors in health and in living.
2. Community Care Center
3. Lower costs, quicker debt elimination
4. Provisions for parents & singles to live in
5. Purchase units for relatives, sons & daughters
6. Built in relationship/community building
7. Good neighbors
8. Walking distance to everything
9. Capable of off the grid living
10. Smaller home, higher quality, less maintenance, longer lasting
11. On the job experience for in-house training of future staff
12. Internal generation and storage of energy, water, & food

Distinctions

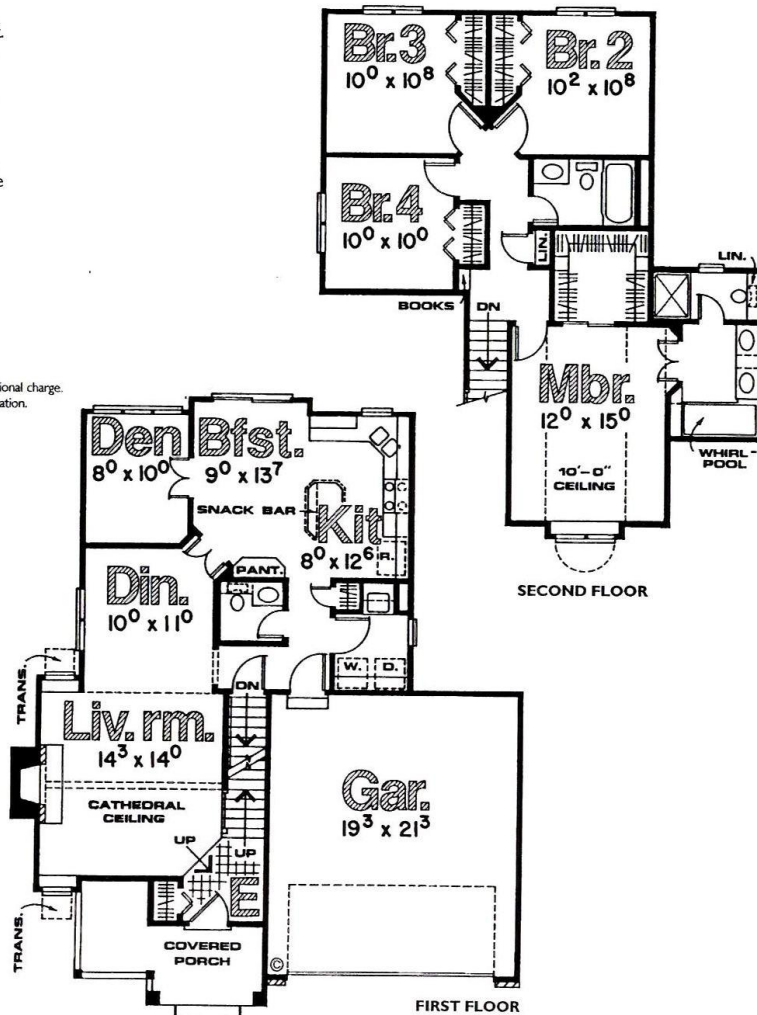
1. Internally oriented land plan
2. Not so big homes, not so big community, not so big debt
3. Built in furnishings
4. Front & rear porches: rear neighborhood relationships.
5. Local historic and cultural research for product development and relationship building
6. Friends as good neighbors
7. Good neighbors to reach out into and be an internal part of the surrounding community.
8. Tea Room with a Counseling Atmosphere.
9. Generation and storage of energy, water, & food
10. Community Care Association built by a caring leader around caring principles instead of stifling, impersonal, controlling HOA regulations.
11. Mediation for property management.

CONCEPTUAL STYLE & PLAN



Units	Single
Price Code	C
Total Finished	1,764 sq. ft.
First Finished	869 sq. ft.
Second Finished	895 sq. ft.
Basement Unfinished	869 sq. ft.
Garage Unfinished	412 sq. ft.
Dimensions	38'x44'4"
Foundation	Basement Crawlspace Slab
Bedrooms	4
Full Baths	2
Half Baths	1
First Ceiling	8'
Max Ridge Height	25'5"
Roof Framing	Stick
Exterior Walls	2x4

* Alternate foundation options available at an additional charge.
Please call 1-800-235-5700 for more information.



Have you ever wanted to live next door to your friends?

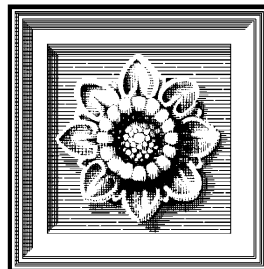
Family Life Communities, LLC builds intimately crafted homes and arranges them in thoughtfully designed communities, for friends who want to live next door to each other, so they can care for one another as good neighbors. How?

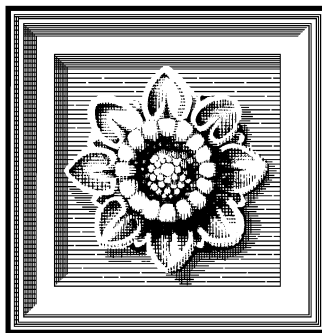
- *We find land* in nearby villages or cities.
- *We gather friends* and help them shape a plan.
- *We design and finance the effort*, minimizing the time and cost required for debt-free home ownership.
- *And then... we build a not-so-big neighborhood with not-so-big homes*, for friends who live next door to each other and effectively care for each another, building one another into a community of good neighbors.

Got friends?

Bring them to

www.familylifecommunities.com





Family Life Communities, LLC
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Frederick, Maryland 21702
www.familylifecommunities.com

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